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Community Services Policy Manual	SUBJECT	Low Income Home Energy Assistance Program: INCOME ELIGIBILITY GUIDELINES	EFFECTIVE DATE 02-13-04 ISSUE DATE 03-19-04

REFERENCES:

Federal Register, Volume 69, No. 30, Pages 7335-7338; February 13, 2004 - Department of Health and Human Services Annual Update of the HHS Poverty Guidelines

Department of Energy, Weatherization Program Notice 04-5; February 13, 2004

BACKGROUND:

Grantees are required to administer the LIHEAP grant following U.S. Department of Health and Human Services regulations pertaining to weatherization activities and U.S. Department of Energy Weatherization Assistance Program regulations.

POLICY:

Households at or below 150 percent of poverty are income eligible for weatherization assistance under the Low Income Home Energy Assistance Program, with priority given to households at or below 125 percent of poverty.

Income refers to total cash receipts before taxes from all sources, for all household members, for the past 12 months. Exceptions are noted below.

If a household member received Family Independence Program (FIP), Supplemental Security Income (SSI) or State Disability Assistance (SDA) benefits at any time during the twelve-month period previous to the application date, the household is automatically income eligible. **NOTE:** The receipt of these benefits in the previous twelve months must be documented in the case file.

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Income Guidelines

Please refer to CSPM Item 208 for current poverty income guidelines.

Income includes:

1. Money, wages and salaries before any deductions.
2. Net receipts from non-farm or farm self-employment (receipts from a person's own business or from an owned or rented farm after deductions for business or farm expenses).
3. Regular payments from Social Security (gross benefit, including any Medicare premiums), railroad retirement, unemployment compensation, strike benefits from union funds, workers compensation, veteran's payments, public assistance (including Family Independence Program-FIP, Supplemental Security Income-SSI and State Disability Assistance-SDA), training stipends, alimony, military family allotments.
4. Private pensions, government employee pensions (including military retirement pay), and regular insurance or annuity payments.
5. Dividends, interest, net rental income, net royalties, periodic receipts from estates or trusts, and net gambling or lottery winnings.
6. Any lump sum payments received by Native Americans, such as from Casino income or other tribal income.

Income excludes:

1. Capital gains.
2. Any assets drawn down as withdrawals from a bank, the sale of property, a house, or a car.
3. One time payments from a welfare agency to a family or a person who is in temporary financial difficulty.
4. Tax refunds, gifts, loans, lump sum inheritances, one-time insurance payments, or compensation for injury.

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5. Non-cash benefits such as the employer paid or union paid portion of health insurance or other employee fringe benefits, food or housing received in lieu of wages, the value of food and fuel produced and consumed on farms, the imputed value of rent from owner-occupied non-farm or farm housing, and such federal non-cash benefit programs such as Medicare, Medicaid, food stamps (or cash received in lieu of food stamps), school lunches, and housing assistance.
6. Child support payments and college scholarships.
7. Income earned through employment by a child who is age 18 and under, **and** attends school. **NOTE:** "Earnings" do not include program benefits such as Social Security, Supplemental Security Income, etc.; these **are** included in the total household income.

Income Computations

Determine the households' **ACTUAL INCOME** for the 12-month period preceding the date of application. For example: This process should include working from year-to-date wage income documentation, current and prior monthly benefit documentation, W-2s or income tax returns for prior year income, and, when necessary, self declarations.

See the attached SAMPLE form (**ATTACHMENT A**) for documenting income for 12 months.

Note: Documented ongoing benefits, such as Social Security, Supplemental Security Income (SSI), Family Independence Program (FIP), State Disability Assistance (SDA), etc., or pension/retirement benefits, **may be multiplied by the relevant number of months received.**

ONLY in cases when it would place undue hardship on the client to document income for the preceding 12 months, may the household's income be **ANNUALIZED** based on the 90 days or 13 weeks preceding the date of application. Income documentation for 90 days/13 weeks is annualized by multiplying it by 4. The computed ANNUALIZED income figure **must fairly represent** the income received in the preceding 12 months. If it is not a fair representation, the household's income should not be annualized and the client should self declare, to the best of his/her ability, the missing income information. Whenever a client's income is annualized, a statement must be included in the file explaining why this method was used.

Note: An income source should not be annualized when there are periods in the past 12 months when the household member did not receive/earn income from that source.

W-2s and income tax returns may be used as **sole** income documentation only for applications taken from **January 1 through January 31** of the following year. For

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applications taken after January 31, W-2s and tax returns may only be used in combination with other current year income documentation to determine eligibility. In this instance, the W-2s and tax returns can provide a basis for determining/computing income for the relevant months in the prior calendar year.

See the attached examples (**ATTACHMENT B**) for how to compute income using these source documents.

Documentation of Income

Income must be thoroughly documented. The following items are acceptable documentation:

- Copies of paychecks or pay stubs;
- Written statements from employers;
- Letters, benefit statements, or other documents from income sources, e.g., FIA, Social Security, VA;
- Unemployment Compensation Benefit check stubs;
- If self-employed, accounting and other business records showing net income;
- W-2 statements and tax forms. They will seldom be adequate by themselves, since they usually report a period ending well in advance of the date of application. An exception may be made for the self-employed, since tax records are a convenient source of information about their income. However, they should be used in conjunction with a self-declaration.
- Self-declaration of applicant, but only as a last resort;
- Other documents the program operator has reason to believe will **fully verify** the annual or annualized income of the applicant.

Client File

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Agencies must maintain a client file for all recipients of weatherization services. At a minimum, the file must include:

- A copy of the agency's client services application. The application must identify each member of the household as well as income sources and amounts for each member of the household being served. The client and the intake worker must sign the application.
- A copy of all documents used to determine income eligibility; including self-declarations and documented phone conversations with public caseworkers.
- **All** calculations for each income source in the household for the prior 12 months as well as the total income for the client household.
- The type, and dollar value, of the benefits provided.
- If income is annualized, a statement must be included in the file explaining why this method was used.
- Documentation covering the reason for any Grantee exception to the \$1,500 limit on furnace repairs/replacements.

ITEM 701A ---ATTACHMENT A

REFERENCE: **CSPM Item 701**
Income Computations – SAMPLE Form

Applicant Name: _____ S.S. # _____

Household Size: _____ Income Threshold: 125% of Poverty \$ _____ 150% of Poverty \$ _____

Provide the previous 12 months of income for each Household Member – Show each income source separately and attach all income source documents.

Name	Income Source & Document	Date From	Date To	Amount

Eligible: Yes No TOTAL Income for the past 12 months \$ _____

Describe any special circumstances relevant to the income calculations including identifying periods and conditions when there was no household income.

I hereby attest that the above information is true and correct to the best of my ability and understand that giving false or incomplete information can result in referral to the prosecuting attorney for fraud and/or recovery of any benefit provided on my behalf.

Applicant Signature: _____ Date: _____

Agency Representative Signature: _____ Date: _____

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ISSUANCES AFFECTED:

References

- LIHEAP Program Agreement and Item 305-LIHEAP Allocations and Plan Instructions

BACKGROUND:

Grantees are required to administer the LIHEAP grant following U.S. Department of Energy Weatherization Assistance Program Regulations and the State of Michigan Annual LIHEAP State Plan.

POLICY:

LWOs are required to administer this grant following HHS LIHEAP regulations and U.S. Department of Energy (DOE) Weatherization Assistance Program (WAP) regulations. The Community Services Policy Manual will prevail when the manual has policy that contains requirements different from LIHEAP and/or WAP regulations.

The Grantee will determine which weatherization measures will be completed on an eligible dwelling unit in accordance with the Weatherization Field Manual Chapter II. I.B. - Inspection/Testing/Energy Audit Requirements.

LIHEAP funds may be used to:

1. Do additional measures on DOE units. NEAT or the Priority List must determine the additional measures installed. These homes must be identified as DOE/LIHEAP units on the Monthly Programmatic Report (FIA-1071).
2. Weatherize non-DOE units when the weatherization measures installed are determined by NEAT or the Priority List. These homes must be identified as LIHEAP Only units on the Monthly Programmatic Report (FIA-1071).
3. Provide LIHEAP services to homes that were previously weatherized.
 - If the job start date is within one year of the prior eligibility determination date, the agency can follow the previous inspection and needed measures data on the BCJOS to provide LIHEAP services. The BCJOS must be updated to document the additional services and costs.

The agency must complete a post blower door test whenever the additional work is expected to affect the air exchange quality of the home. (Example: When insulating all or a portion of the roof or walls or completing other infiltration measures.) The test results must be reflected on the relevant page of the BCJOS and be included in the file.

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- If the job start date is over a year from the prior eligibility determination date, a new application and eligibility determination is required the agency must complete a full pre-inspection, use NEAT or the priority list to determine the additional measures to be installed and complete all required blower door tests. A new BCJOS must also be completed.
 - If the home has not been previously reported as a DOE/LIHEAP unit in the current program year's Monthly Programmatic Report (FIA-1071), the home must be identified as a LIHEAP Only, Reweatherized "R" units on the report.
4. Provide energy education to eligible weatherization assistance client households. Energy education expenditures are limited to 20% of the total LIHEAP allocation. Funds may be used for related staffing costs, or materials purchased to support client education activities such as videos, pamphlets, energy education kits, etc.

Water Heaters

- Water heaters may only be replaced in owner-occupied units.
- To replace a water heater, the appliance must be inoperable or documented as faulty or inefficient by a utility or repair person.
- An electric water heater meeting the criteria above can be replaced with either another electric water heater or a water heater using another fuel source. Any reasonable changes associated with conversion from electricity to another fuel source can also be included.
- Funds cannot be used to convert to an electric water heater from another fuel source.

Roof/Furnace Repairs or Replacements

- Roof and furnace repairs or replacements are only permitted on owner-occupied units.
- Furnace repairs/replacements are limited to \$1,500 per home. The Grantee may make an exception to this limit if the Grantee determines that circumstances warrant an exception. Documentation covering the reason for the exception must be placed in the client file.

Examples of documentation include but are not limited to a health or safety issue, the home cannot be weatherized until the repair/replacement is completed; the home is in a historical preservation neighborhood or has other unique or costly features.

Note: Exceptions are to the \$1,500 limit only. No exceptions are allowed to income eligibility guidelines or the \$6,600 average unit maximum.

Maximum Average Cost per Unit

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- The maximum allowable average cost per unit for LIHEAP expenditures for material and labor cost is \$6,600.

Note: If the cost of a roof repair or replacement is more than the Grantee can allow in order to stay within the maximum average cost per unit, the Grantee should discuss with the home owner the option of paying the overage and refer them to their local CDBG provider for information on low or no-interest home repair loans.

Income Eligibility:

- Income eligibility will be determined based on 150% of the poverty income guidelines following the eligibility determination procedures in CSPM Item 701, LIHEAP Income Eligibility Guidelines.

REFERENCE: CSPM Item 701
Income Computations – Using W-2s and Tax Returns

W-2s and income tax returns may be used as **sole** income documentation only for applications taken from **January 1 through January 31** of the following year. For applications taken after January 31, W-2s and tax returns may only be used in combination with other current year income documentation to determine eligibility. In these instances, the W-2s and tax returns can provide a basis for determining/computing income for the relevant months in the prior calendar year.

EXAMPLE: Using W-2s or Income Tax Returns to Compute Income for the Relevant Months in the Prior Calendar Year

Situation: A client applies for services during the 1st week of July and provides a prior year tax return or W-2 to document receiving income in the prior calendar year.

Following are 2 examples showing how to compute the relevant prior year's income using information from these source documents.

Example 1. The client indicates that the household received income regularly throughout the prior calendar year.

The intake worker would use the following method for computing income for the months of July—December (6 months of income): Divide the total income reported by 12 to determine an average monthly amount and multiply that amount by 6. **If the client agreed that the resulting amount fairly represented their income for the period of July—December**, this amount can be used for the prior year income period. **Note:** Current year income documentation must be used to determine the income earned/received for January—June.

Example 2. The client indicates that they had income for the months of Jan—June and October—December, but had no income for the months of July—September. Received income for 9 out of 12 months. **Note:** This information must be included in the client file as it is relevant to the income computations.

The intake worker would use the following method for computing income for the months of July—December (3 months of income): Divide the total income reported by 9 to determine an average monthly amount and multiply that amount by 3. **If the client agreed that the resulting amount fairly represented income for the period of July—December**, this amount can be used for the prior year income period. **Note:** Current year income documentation must be used to determine the income earned/received for January—June.

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ISSUANCES AFFECTED:

References: LIHEAP Agreement and Item 602 - Monthly Programmatic Reports

BACKGROUND:

Grantees are required to administer the LIHEAP grant following U.S. Department of Energy Weatherization Assistance Program Regulations and the State of Michigan Annual LIHEAP State Plan.

POLICY:

The Grantee is required to prepare a Weatherization Assistance Program Monthly Programmatic Report, FIA-1071 (**updated 6/99**), in accordance with the instructions in Item 602 of this policy manual. The report should be submitted within 30 days of the end of the report month.

The Grantee must submit one FIA-1071 with an original signature and three copies to:

Family Independence Agency
Grand Tower, Suite 1314
P.O. Box 30037
235 South Grand Avenue
Lansing, Michigan 48909